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ABC reviewing Rewald-CIA connection

By David Crook
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ABC News has launched a review and investigation of the tangled Ronald Rewald story which forced the network into an unprecedented legal conflict with the Central Intelligence Agency.

The review, supported and directed by ABC News President Rooney Arledge and Vice President David Burke, began months ago but only now has been officially acknowledged by network news personnel.

A senior ABC News correspondent said in an interview in Los Angeles last week that the network has committed itself to an extraordinary effort to get to the truth behind a story that ABC claimed to have verified more than a year ago.

"It's unique in journalism to devote the resources, time and effort that we have mounted in the follow-up coverage (of the Rewald story)," said John Scali, ABC's senior national security correspondent assigned to oversee the review.

The network's coverage of the

news analysis

Rewald affair became a major public policy issue last fall. The CIA complained to the Federal Communications Commission that ABC deliberately distorted the Rewald story and violated the FCC's fairness doctrine in a two-part September 1984 "World News Tonight" investigative report.

In its disputed broadcasts, ABC claimed to have proved that the CIA used Rewald's now bankrupt investment company as a front for clandestine and illegal operations throughout Asia and the Pacific.

Among the more explosive charges in the ABC reports were that the CIA used Rewald's company for an illegal arms deal with Taiwan, plotted to kill Rewald and threatened the life of an investor in his company.

ABC later retracted the attempted killing charge, a move that prompted a \$145 million libel suit by the

source of the story.

The CIA charged that ABC created the story out of thin air. Initially, the CIA requested that the FCC punish ABC by revoking its broadcast licenses.

The FCC subsequently denied the CIA's complaint but affirmed the right of government agencies to bring such actions. Legal scholars argued that the FCC's decision could leave the way clear for other arms of government to attempt to punish broadcasters.

What may be most unusual about the CIA-ABC case is that it surrounds a story that may have been a flawed piece of journalism.

Taking pains not to criticize the early ABC reports, Scali said that evidence in Rewald's federal trial seems to indicate far less of a CIA connection to Rewald than the network originally alleged.

"I'm not sure how much, if any, connection Rewald had with the CIA except to provide light commercial cover for some CIA agents in the Far East area," said Scali, who has covered the intelligence

community for 35 years.

ABC's review of the Rewald matter appears to be concentrating on the case itself and not ABC's actions in reporting it.

Scali and a team that includes two producers, a second on-air correspondent and a courtroom artist, appear to be re-reporting the Rewald story. They appear to be concentrating on the evidence presented in the trial.

No one on the current ABC crew participated in the original broadcasts, and the correspondent and producer who worked on the original story are not on the follow-up team.

As testimony in Rewald's 10-week-old fraud, tax evasion and perjury trial has drawn to a close, little evidence supporting his or ABC's charges has come to light. The defense in the Rewald case unexpectedly rested Thursday, and the case may go to the jury today.

Rewald, 43, faces 98 federal criminal charges arising from the 1983 collapse of Bishop Baldwin Rewald Dillingham & Wong.